



Board of Selectmen Meeting

Monday, November 4, 2019 7:30 PM

36 Bartlet Street, Andover, MA 01810

Selectmen's Conference Room

RECEIVED
TOWN CLERK'S OFFICE

2019 OCT 31 P 4: 01

TOWN OF ANDOVER, MASS

- I. Call to Order – 7:30 P.M.
- II. Opening Ceremonies
 - A. Moment of Silence/Pledge of Allegiance
- III. Communications/Announcements/Liaison Reports
- IV. Citizens Petitions and Presentations
- V. Public Hearings
- VI. Regular Business of the Board
 - A. Andover Fire Rescue Ambulance Fees – (10 minutes)
Board to discuss and consider voting to approve new Andover Fire Rescue ambulance fees.
 - B. Prayosha108 Corp. d/b/a Andover Spa Change in Manager – (10 minutes)
Board to review and consider voting to approve a request from Prayosha108 Corp. d/b/a Andover Spa for a change of manager to its All Alcoholic Package Store License at 9 Elm Street.
 - C. Retirement Presentation – (10 minutes)
Retirement Board Chairwoman/Town Accountant Hayley Green and Retirement Board Member Tom Hartwell to provide update on the Retirement system.
 - D. Andover Means Tested Senior Tax Exemption – (10 minutes)
To see if the Select Board will consider voting to set the exemption amount for the Andover Means Tested Senior Tax Exemption as voted at the 2018 ATM Article 37. The exemption may be up to a 100% match but no less than a 50% match of the amount of the circuit breaker income tax credit that the applicants received in the previous year.
 - E. Capital Improvement Program FY2021 – 2025 – (10 minutes)
Town Manager to present the Town Manager's recommended Capital Improvement Program.
 - F. Town Manager Reappointment Public Input and Discussion– (10 minutes)
Board to take public input on Town Manager reappointment and discuss process.

VII. Consent Agenda

A. Appointments by the Select Board

Board to approve the annual appointment and re-appointment of Election Officers pursuant to MGL Chapter 54, Section 12, as printed in the consent agenda and as recommended by the Town Clerk:

| Department | Name | Position | Rate/Term | Date of Hire |
|---------------------|--------------|-----------------|------------------|---------------------|
| Town Clerk's Office | Nancy Simili | Poll worker | \$9.25/hour | 11/04/2019 |

B. Appointments by the Town Manager

Board to vote that the following appointments by the Town Manager be approved:

| Department | Name | Position | Rate/Term | Date of Hire |
|---------------------------------|------------------------------------|----------------------------|------------------------|---------------------|
| Economic Development Council | Amy Brearley | Member | Term Expires 6/30/2022 | 11/04/2019 |
| Public Works | Anthony Reppucci (A. Martineau) | Assistant Town Engineer | \$93,689.84/yr | 11/18/2019 |
| Town Manager's Office | Joyce Losick-Yang (S. Doolin) | Sustainability Coordinator | \$83,083.00/yr | 11/25/2019 |
| Community Services – Recreation | Ciara Freeman | Kid Care | \$19.00/hour | 11/19/2019 |
| Community Services - Recreation | Luke Temple | Kid Care | \$12.00/hour | 12/02/2019 |
| Community Services – Recreation | Olivia Chapman | Seasonal | \$11.25/hour | 11/18/2019 |

VIII. Approval of Minutes

A. Board to approve minutes from the following meeting:

1. September 24, 2019

IX. Adjourn

If any member of the public wishing to attend this meeting seeks special accommodations in accordance with the Americans with Disabilities Act, please contact Kathryn Forina in the Town Manager's Office at 978-623-8215 or by email at kathryn.forina@andoverma.us

MEETINGS ARE TELEVISED ON
COMCAST CHANNEL 22 AND VERIZON CHANNEL 45



Andover Fire Rescue

Michael B. Mansfield
Fire Chief

FIRE HEADQUARTERS
32 North Main Street • Andover, Massachusetts 01810-3513
Tel: (978) 475-1281 • Fax: (978) 475-6654

October 1, 2019

Mr. Andrew P. Flanagan, Town Manager
Town of Andover
36 Bartlet Street
Andover, Massachusetts 01810

Dear Andrew,

I am requesting to be placed on a future agenda of the Selectboard to discuss and consider a possible increase in the Andover Fire Rescue ambulance fees that are currently in place.

Currently, forty one (41) percent of our ambulance patient transports are reimbursed to the Town from either Medicare or Mass Health. These reimbursement fees are capped at a flat fee of \$350.00 per patient transport which has a negative impact on the amount of ambulance revenue generated on an annual basis. Since 2015, the reimbursement rate for these patients has only increased a total of 3.81% which has not kept pace with the increases in our cost of providing quality pre-hospital healthcare services.

In addition, Andover Fire Rescue has not sought a rate increase since 2012. As you know, the revenue generated by these fees is a direct offset to the Andover Fire Rescue budget and I am currently attempting to maintain a fee structure that continues to support the expenditures required to maintain our excellent Basic Life Support (BLS) infrastructure.

Attached, is an analysis of how rates from other services surrounding the Town of Andover compare to ours.

If you have any further question or comments related to this matter, feel free to contact me at your convenience.

Sincerely,

Michael B. Mansfield
Fire Chief

Attachment

AMBULANCE RATES

| | | ANDOVER | |
|-------|-----------------------------|---------------|-------------|
| | Description | Current Rates | Recommended |
| A0429 | BLS Base Rate | \$1,074.00 | \$1,343.93 |
| A0427 | ALS1 Base Rate | \$1,276.00 | \$1,595.90 |
| A0433 | ALS2 Base Rate | \$1,846.00 | \$2,309.86 |
| A0428 | BLS Non Emergency Base Rate | \$671.00 | \$839.97 |
| A0426 | ALS Non Emergency Base Rate | \$806.00 | \$1,007.93 |
| A0434 | Specialty Care Transport | \$1,610.00 | \$2,729.83 |

| | | | |
|-------|------------------------|----------|----------|
| A0425 | Mileage | \$24.00 | \$30.00 |
| 93000 | Cardiac Monitoring | \$271.00 | \$338.75 |
| A0394 | IV Therapy | \$193.00 | \$241.25 |
| A0396 | Airway | \$220.00 | \$275.00 |
| A0422 | Oxygen | \$90.00 | \$112.50 |
| A0999 | Mast | \$138.00 | \$172.50 |
| A0998 | Treatment no Transport | \$120.00 | \$150.00 |

| Description | | Andover | North Andover | Ayer | Devens | Bedford | North Reading | Littleton | Tewksbury |
|-------------|-----------------------------|------------|---------------|------------|------------|------------|---------------|------------|------------|
| A0429 | BLS Base Rate | \$1,074.00 | \$965.53 | \$1,015.50 | \$1,169.00 | \$1,300.02 | \$1,352.00 | \$1,375.00 | \$1,477.81 |
| A0427 | ALS1 Base Rate | \$1,276.00 | \$955.48 | \$1,205.90 | \$1,389.00 | \$1,619.45 | \$2,197.00 | \$1,865.00 | \$1,754.87 |
| A0433 | ALS2 Base Rate | \$1,846.00 | \$1,382.92 | \$1,745.40 | \$2,009.00 | \$2,472.94 | \$3,323.00 | \$2,365.00 | \$2,539.95 |
| A0428 | BLS Non Emergency Base Rate | \$671.00 | | | | | | | |
| A0426 | ALS Non Emergency Base Rate | \$806.00 | | | | | | | |
| A0434 | Specialty Care Transport | \$1,610.00 | \$1,634.36 | \$2,062.75 | | | | | |

| | | | | | | | | | |
|-------|---------------------------------|----------|----------|----------|----------|---------|----------|---------|---------|
| A0425 | Mileage | \$24.00 | \$32.73 | \$33.75 | \$21.00 | \$29.90 | \$38.00 | \$31.00 | \$26.43 |
| 93000 | Cardiac Monitoring | \$271.00 | \$362.35 | | \$258.00 | | | | |
| A0394 | IV Therapy | \$193.00 | \$258.77 | | \$258.00 | | | | |
| A0396 | Airway | \$220.00 | \$293.34 | \$175.00 | \$209.00 | | | | |
| A0422 | Oxygen | \$90.00 | \$120.77 | \$75.00 | \$86.00 | | | | |
| A0999 | Mast | \$138.00 | | | | | | | |
| A0998 | Treatment no Transport | \$120.00 | | | | | | | |
| | DEFIB | | \$258.77 | | \$184.00 | | | | |
| | Extra EMT (Paramedic Intercept) | | | | \$120.00 | | | | |
| | ALS Intercept | | | | | | \$275.00 | | |
| | Non-Covered Mileage | | | | | | \$30.00 | | |

Prayosha108 Corporation d/b/a Andover Spa
Change of Manager

I move to approve the application of Prayosha108 Corporation, d/b/a Andover Spa, 9 Elm Street, Andover, for a Change of Manager on its All Alcoholic Package Store License; the new Manager to be Amitkumar Patel of 342 Treble Cove Road, North Billerica, Massachusetts, subject to the condition that all other requirements of the Town are met prior to issuance of the license.

Moved by: _____

Seconded by: _____

Vote: _____ Yes
 _____ No
 _____ Abstain



Town of Andover
BOARD OF SELECTMEN

License and Permit Application Public Hearing Questionnaire

Please be willing and able to address these questions before the Board of Selectmen during your hearing.

Liquor License Application, Renewal, Change of Designated Manager

| | |
|--|---|
| Name | Amitkumar Patel |
| Address | 342 Treble Cove Road, North Billerica, MA 01862 |
| Title | Manager of Record |
| Company | Andover Spa |
| Are all employees who will be serving alcohol TIPS certified? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Does the establishment or any employees have any prior violations in terms of liquor license compliance? If yes, please describe the nature of any violations | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| Please describe your business and the plans that have brought you before the Board this evening. | Application for change of manager from Niki Patel to Amitkumar Patel. |
| Please provide an overview of qualifications, certifications, and experience of the designated manager of the establishment. | Amitkumar Patel has several years experience in the retail sale of alcoholic beverages. |

Certificate of Completion

This Certificate of Completion of

eTIPS Off Premise 2.0

For coursework completed on January 25, 2016

provided by Health Communications, Inc.
is hereby granted to:

Amitkumar Patel

Certification to be sent to:

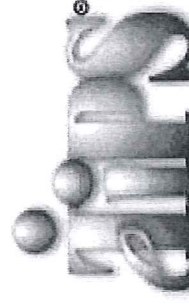
Prayosha108 Corp, Andover SpA, McCann's Liquors

9 Elm St

North Andover MA, 01845-2621 USA

HCI

HEALTH COMMUNICATIONS INC.



This document is not proof of TIPS certification. It signifies only that you have completed the course. Valid certification documents will be forwarded to you.

Pension Update

November 4, 2019

Hayley Green

Thomas Hartwell

Agenda

- Membership Eligibility
- Buybacks
- Why reforms are necessary
- Discount rate
- Investment performance

Membership Eligibility

- Currently, any permanent employee working 20 hours or more per week is eligible to join the system. Additionally, individuals or elected officials must earn at least \$5,000 per year in regular compensation and elected officials don't need to satisfy the 20 hours per week minimum.
- There has been discussion on changing the minimum to 35 hours per week or keeping 20 hours and prorating creditable service.
- We are waiting for the actuary to provide the financial impact.
- We plan to hold a separate meeting with all stakeholders to discuss their concerns on the effect of changing eligibility.

Examples of plans requiring greater than 20 hours eligibility

- **Reading** – Anyone whose total service for their primary position equals or exceeds 1,690 scheduled hours per year. The primary position is defined as the position with the highest number of hours. It may not be combined with any other position.
- **Wakefield** – All permanent employees who are employed on a regular work week for not less than 30 hours a week.
- **Methuen** – The individual works a minimum of 30 hours a week, for a minimum of 40 weeks a year.

OBRA and Massachusetts Deferred Compensation

An alternative to Social Security is permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA).

- Part time, seasonal or temporary employees not eligible to participate in the employer's retirement program are required to participate in a Massachusetts deferred compensation plan. Andover uses a 457 plan with ICMA-RC.
- Employees contribute at least 7.5% of their gross compensation to the plan.
- Contribution is deducted on a pretax basis.
- Additional contributions above the mandatory contribution of 7.5% are allowed.

Proposed Regulation for Buybacks

- Currently, anyone with prior ineligible service who becomes an eligible member of the system can buy back that prior time based on 20 hours per week or 86.67 hours per month being full credit.
- The proposed regulation will not allow future employees to buy back prior part time service.
- Some MGLs require us to allow prior service buybacks (i.e. military, other municipalities) but we have the control to determine how to calculate it. Proposed to prorate the time based on 35 hours per week or 151.67 hours per month.
- We are waiting for the actuary to provide the financial impact. The public hearing in August was suspended and will reconvene at a future meeting.

Why reforms are necessary

- The retirement plan has one of the lowest funding ratios (48%) in the State (94th out of 104 plans) and one of the lowest in the country (public plans nationally average 72%).
- Andover (our Sponsor) incurred losses of (\$12.3 million) for FY 2018 and (\$13.5 million) for FY 2017. Losses are principally due to pension and OPEB expense. Losses are expected to continue going forward.
- Andover's negative net position (liabilities exceeding assets) was (\$65.4 million) at 6/30/18.
- Actuary's valuation report as of 12/31/18 prepared shows pension unfunded liability (using 6.25%) increased from \$163 million at 12/31/17 to \$180.9 million at 12/31/18.

Other Post employment Benefits (OPEB)

- Changing the eligibility for participation in the retirement plan also affects participation in OPEB. In order to qualify for OPEB, an employee needs to be in the retirement plan.
- Questions were posed to our OPEB actuary to help assist in the analysis. The actuary, to date, has been unresponsive. The latest (FY 2018) actuarial valuation report show normal cost of \$3.8 million with 1,357 active employees. This averages \$2,800 annually in cost to the town per employee. Actual OPEB expense for 6/30/18 was \$13,446,602 which includes interest, differences between expected and actual experience, and changes in assumptions.

Pros & Cons of Changing Eligibility

- Pros

- Would reduce cost per future employee to the Town by \$5,000 - \$10,000 annually, which should help in addressing the town's future costs. The actuaries will need to determine the actual savings.
- Would slow down the future growth of pension and OPEB unfunded liabilities.
- Would eliminate future market risk to the town for these employees if long term rate of return/discount rate projections and other assumptions are not achieved.

- Cons

- May affect the town's ability to hire and retain employees

How Andover stacks up with other plans

| | 2004 funding ratio | 2018/2017* funding ratio | % increase, (decrease) | 2018/2017* discount rate |
|------------|--------------------|--------------------------|------------------------|--------------------------|
| Leominster | 67% | 100% | 33% | 5.50% |
| Dedham | 75% | 94.7% | 19.7% | 7.50% |
| Lexington | 84.7% | 87.2% | 2.5% | 7.50% |
| Concord | 82.4% | 86.5% | 4.1% | 7% |
| Winchester | 78.9% | 84% | 5.1% | 7% |
| Wellesley | 103.5 | 81.3% | (22.2%) | 6.625% |
| Norwood | 80.5% | 80.6% | 0.1% | 7.75% |
| Reading | 68.9% | 73.8%* | 4.9% | 7.625%* |
| Needham | 73.1% | 68.2% | (4.9%) | 7.25% |
| Newton | 67.6% | 51.7% | (15.9%) | 7.25% |
| Arlington | 61.5% | 51.5% | (10%) | 7% |
| Andover | 78.1% | 48.6% | (29.5%) | 7% |

Discount rate

- The town currently uses a discount rate of 6.25% at 6/30/19 in valuing pension liabilities.
- The retirement board used a 7% discount rate in valuing pension liabilities as of 1/1/18.
- The retirement board will set a new discount rate as of 1/1/20.

Discount rate/long term rate of return

| Period | Retirement Board Discount Rate (Geometric) | Actual Investment Return (Geometric) |
|-----------------------|--|---|
| 5 Years (2014- 2018) | 7.40% | 5.58% |
| 10Years (2009 – 2018) | 7.65% | 8.39% |
| 20Years (1999 -2018) | 8.02% | 4.39% |

\$\$\$ impact if Retirement Board uses 6.25%

| | 7% | 6.25% | % Change | \$ Change |
|--|-------|-------|-------------|--------------|
| Employer Contribution | | | | |
| 1. Normal Cost | 2.7 | 3.9 | 44.4% | 1.2 |
| 2. Amortization Payment for UAL | 8.5 | 7.5 | (11.8%) | (1.0) |
| 3. Employer Contribution (1+ 2) for 2020 | 11.2 | 11.4 | 1.8% | 0.2 |
| 4. Projected Employer Payments 2020 – 2035 | 317.6 | 382.9 | 20.6% | 65.3 |
| | | | | |
| | | | | |
| 5. Accrued Liability | 282.3 | 306.7 | 8.6% | 24.4 |
| 6. Market Value of Assets | 143.8 | 143.8 | 0% | 0 |
| 7. Unfunded Accrued Liability (UAL) | 138.5 | 162.9 | 17.6% | 24.4 |
| 8. Funded Ratio (6/5) | 50.9% | 46.9% | | |

Investment performance

- As of 9/30/19, total return since 1/1/18 is approx. 4.65% (net of fees).
- If the plan had earned 7% annualized as projected by the retirement board through 9/30/19, investment return would be approx. \$5 million greater than what was actually earned.
- The three month return that would be needed in order to link up with the 21 month period to generate an annualized rate of 7% over 24 months would be in excess of 10%.

ANDOVER MEANS TESTED SENIOR TAX EXEMPTION

- The Elder Services Task Force presented a Warrant article at the 2018 Annual Town Meeting which passed.
- This article provided for a new property tax exemption for Andover residents.
- This home rule petition was signed into law on October 5, 2018 for a FY2020 implementation.

THE EXEMPTION QUALIFICATION CRITERIA

- The Applicant or joint owner must have owned an Andover property as their domicile for the last 10 years.
- The Applicant needed to be 65 by December, 2018 and if jointly owned, the joint owner must have been at least 60 by December, 2018.
- The Applicant needed to have filed a 2018 MA State Income Tax return and received the MA State Income Tax Circuit Breaker Tax Credit.

THE EXEMPTION



- The exemption granted in Andover on the real estate tax would be equal to a minimum of 50% to a maximum of 100% of the MA Circuit Breaker Income Tax Credit the applicant earned on their MA Income Tax filing.
- Annually, the Select Board will vote on the percentage of the Circuit Breaker Tax Credit that will be exempted for that fiscal year.

THE FUNDING OF THE EXEMPTION

- This exemption is funded by an increase in the residential tax rate for the fiscal year to offset the exact amount that is exempted.
- There were 151 applicants that qualified for this exemption for FY2020.
- The total Circuit Breaker Credit earned by these applicants is \$157,621. The average circuit breaker credit earned was \$1,043.85.
- Given the \$157,621 Circuit Breaker Tax credit earned, the Select Board will vote on the percentage of 50% to 100% of the credit to exempt off the real estate bill of the applicants.

ESTIMATED IMPACT OF PERCENT EXEMPTION

- Assuming the same shift that was adopted for FY2019, the residential tax rate for FY2020 is estimated at \$15.00
- Assuming the Select Board votes to exempt 100% of the circuit breaker credit, the estimated residential tax rate would increase to \$15.02, a .02 increase or a .13% increase.
- Assuming the Select Board votes to exempt 50% of the circuit breaker credit, the estimated residential tax rate would increase to \$15.01, a .01 increase or a .06% increase.

ESTIMATED IMPACT OF PERCENT EXEMPTION

- Assuming a residential value of 700,000, the full 100% exemption would add \$14.00 in additional tax to fund the exemption.
- Assuming a residential value of 700,000, a 50% exemption would add \$7.00 in additional tax to fund the exemption.